

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7123**

**BILL NUMBER:** HB 1395

**NOTE PREPARED:** Jan 12, 2014

**BILL AMENDED:**

**SUBJECT:** Commercial Identification Cards from the BMV.

**FIRST AUTHOR:** Rep. Morris

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill has the following provisions:

- (1) Requires the Bureau of Motor Vehicles (BMV) to issue a commercial identification card (CID) that:
  - (A) does not bear the photograph of the holder; and
  - (B) is to be used for the limited purpose of commercial transactions.
- (2) Provides that a permittee in a criminal prosecution or in a proceeding before the Alcoholic Beverage Commission or a local board based upon a charge of unlawfully furnishing an alcoholic beverage to a minor, as a defense to the prosecution or proceeding, may offer a statement from the purchaser that the purchaser was at least 21 years of age at the time of purchasing the beverage, along with two documents, one of which was the card.
- (3) Sets a fee of \$6 for the issuance, renewal, amendment, or replacement of a card.
- (4) Makes technical corrections and corresponding changes.

**Effective Date:** July 1, 2014.

**Explanation of State Expenditures:** *Summary:* This bill could increase BMV expenditures by \$426,000 during FY 2014 to provide a commercial identification card (CID) that meets the requirements of the bill. State costs for maintenance of the CID systems are estimated to be \$9,000 per year beginning in FY 2015.

The bill could also increase Level 6 felony convictions in the state for individuals who knowingly or intentionally use false information or make a false statement to receive a CID.

Additional Information:

*System Costs:* Providing a commercial identification card will require new equipment that will allow the BMV to capture and display fingerprint images on an identification card rather than a photo. The cost for the necessary capabilities (programming and equipment) is estimated to be \$312,000. The BMV reports there will also be additional programming costs to (1) reproduce a fingerprint on an identification card and (2) create a new type of identification card, valued at \$105,000. The total for these new capabilities is estimated to be \$417,000 in one-time costs.

Because the bill has an effective date of July 1, 2014, these capabilities will need to be in place before the start of FY 2015. As a result, these \$417,000 in one-time costs are expected to occur during the latter part of FY 2014. The BMV also reports annual expenditures of \$9,000 per year for system maintenance. It is assumed these maintenance costs would first begin in FY 2015.

*Penalty Provision:* A Level 6 felony is punishable by a prison term ranging from 6 months to 30 months depending upon mitigating and aggravating circumstances. The average expenditure to house an adult offender was \$19,185 in FY 2013. (This does not include the cost of new construction.) If offenders can be housed in existing facilities with no additional staff, the average cost for medical care, food, and clothing is approximately \$1,825 annually, or \$5 daily, per prisoner.

**Explanation of State Revenues:** *Summary:* According to the BMV, this bill could affect the state's compliance with the federal REAL ID Act and could reduce federal grant funds the state receives. Potential federal fund decreases will depend on the decisions of the federal Department of Homeland Security.

The bill could also increase state revenue from CID fees and from fines assessed against individuals who commit Class C infractions, Class B misdemeanors, and Level 6 felonies. Actual increases in revenue are indeterminable.

Additional Information:

*Revenue from CID Fees:* The bill authorizes the BMV to collect fees for a CID. It is assumed a CID would be subject to the same fee structure as for a standard identification card, which is currently \$11.50. The number of individuals who will request a CID is unknown. However, this bill is expected to increase state revenue from CID fees and is expected to partially, if not completely, offset the costs of providing CID cards. The current revenue distribution from identification card fees is included in the table below.

Fund Distribution	Distribution Amount
Motor Vehicle Highway Account	\$2.75
BMV Technology Fund	\$0.50
Anti-Terrorism Fund	\$1.25
BMV Commission	\$7.00
<b>Total</b>	<b>\$11.50</b>

*Federal REAL ID Act:* The federal REAL ID Act requires any form of state-issued identification to include a photograph of the card holder. Certain exemptions are allowed for individuals who swear or affirm sincerely held religious beliefs that prohibit them from being photographed. This same affirmation is required as a condition of receiving a CID.

The BMV reports that if the state begins issuing identification cards without photographs, the state could violate provisions of the REAL ID Act and could lose federal grant funds. The table below provides information on federal REAL ID grant funds the state received between FFY 2008 and FFY 2011. The BMV reports that although the state has not received grant funds for FFY 2012 or FFY 2013, the state continues to draw down funds from previously awarded grants.

Year	REAL ID Driver's License Security Grant Revenue
FFY 2008	\$3,149,637
FFY 2009	\$1,169,839
FFY 2010	\$1,098,276
FFY 2011	\$1,107,680
<b>4-Year Total</b>	<b>\$6,525,432</b>

*Penalty Provisions:* This bill can also increase the number of criminal convictions in the state for Class C infractions, Class B misdemeanors, and Level 6 felonies.

The bill specifies that an individual may not hold a CID and either a driver's license or an identification card. Violation of these provisions is punishable as a Class C infraction. The maximum judgment for a Class C infraction is \$500, which would be deposited in the state General Fund. However, any additional revenue is likely to be small.

Additionally, the bill creates penalties which are punishable as Class B misdemeanors related to CIDs. If additional court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class B misdemeanor is \$1,000 and for a Level 6 felony is \$10,000. However, any additional revenue would likely be small.

**Explanation of Local Expenditures:** *Penalty Provision:* A Class B misdemeanor is punishable by up to 180 days in jail.

If more defendants are detained in county jails prior to their court hearings for Level 6 felonies, local expenditures for jail operations may increase. However, any additional expenditures would likely be small.

**Explanation of Local Revenues:** *Penalty Provision:* If additional court actions are filed and a judgment is entered, local governments would receive revenue from court fees. However, any additional revenue is likely to be small.

**State Agencies Affected:** BMV; Department of Correction.

**Local Agencies Affected:** Trial courts, local law enforcement agencies.

**Information Sources:** Mark Goodrich, BMV; Stephen Leak, BMV; Elizabeth Murphy, BMV; Carol Branstetter, BMV.

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